

cPa DIXON, WALLER & CO., INC.

LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

REPORT OF EXAMINATION

DECEMBER 31, 2009

**DIXON, WALLER & CO., INC.**

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LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

DECEMBER 31, 2009

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**FINANCIAL SECTION**

164 E. MAIN  
TRINIDAD, COLORADO 81082  
(719) 846-9241 FAX (719) 846-3352

**Board of Directors  
Las Animas County Emergency Telephone Service Authority  
Trinidad, CO 81082**

**Independent Auditor's Report**

We have audited the accompanying financial statements of the business-type activities of Las Animas County Emergency Telephone Service Authority, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Las Animas County Emergency Telephone Service Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Las Animas County Emergency Telephone Service Authority as of December 31, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages i through iv is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Las Animas County Emergency Telephone Service Authority's basic financial statements. The supplemental information statement listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Audon, Waller & Co., Inc.*

June 30, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**referred to as (E-911)**

Management Discussion and Analysis  
Year Ended December 31, 2009

**INTRODUCTION**

Our discussion and analysis of the E-911 financial performance provides an overview of E-911's financial activities for the year 2009. It should be read with the accompanying financial statements of E-911.

**FINANCIAL HIGHLIGHTS**

- E-911's assets as the end of 2009 was \$787,975 compared to \$653,172 in 2008.
- E-911 made purchases of fixed assets in the amount of \$280,237 in 2009.
- Operating expenses increased by approximately \$5,526.
- Current assets decreased by \$84,924 in 2009.

**USING THIS ANNUAL REPORT**

E-911's financial statements consist of three statements. 1 – a balance sheet, 2 – a statement of revenues, expenses and changes in net assets and, 3 – a statement of cash flows. These statements provide information about the activities of E-911 including resources held by E-911 but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. E-911 is accounted for as a business-type activity and presents its financial statements using the accrual basis of accounting.

**BALANCE SHEET AND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**

One of the most important questions to ask about E-911's finances is, "Is E-911 as a whole, in a better financial position as a result of the year's activities?" The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Assets report information about E-911's resources and its activities helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Services' assets and changes in them. You can think of E-911's net assets (the difference between assets and liabilities) as one way to measure its financial health, or financial position. Over time, increases or decreases in E-911's net assets are one indicator of whether its financial health is improving or deteriorating. You will also call volume base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of E-911.

## **THE STATEMENT OF CASH FLOWS**

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from operations, investing, non-capital financing and capital and related financing activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

## **E-911 NET ASSETS**

E-911's net assets are the difference between its assets and liabilities reported in the Balance Sheet. E-911's net assets increased in the 2009 year by \$6,645.



**COMPARATIVE FINANCIAL STATEMENT ARE PRESENTED BELOW:**

**TABLE 1: ASSETS, LIABILITIES AND NET ASSETS**

| <b><u>ASSETS</u></b>                            | <b><u>2009</u></b>      | <b><u>2008</u></b>      |
|-------------------------------------------------|-------------------------|-------------------------|
| Cash and cash equivalents                       | \$226,584               | \$310,976               |
| Accounts Receivable                             | \$ 37,018               | \$ 37,550               |
| Capital assets (net)                            | \$524,373               | \$304,646               |
| <b><u>TOTAL ASSETS</u></b>                      | <b><u>\$787,975</u></b> | <b><u>\$653,172</u></b> |
| <br>                                            |                         |                         |
| <b><u>LIABILITIES</u></b>                       |                         |                         |
| Current Liabilities                             | \$ -0-                  | \$ -0-                  |
| Accounts Payable                                | \$128,158               | \$ -0-                  |
| Lease Purchase Remaining                        | \$ -0-                  | \$ -0-                  |
| <b><u>TOTAL LIABILITIES</u></b>                 | <b><u>\$128,158</u></b> | <b><u>\$ -0-</u></b>    |
| <br>                                            |                         |                         |
| <b><u>NET ASSETS</u></b>                        |                         |                         |
| Invested in Capital assets, net of related debt | \$524,373               | \$304,646               |
| Unrestricted                                    | \$135,444               | \$348,526               |
| <b><u>TOTAL NET ASSETS</u></b>                  | <b><u>\$659,817</u></b> | <b><u>\$653,172</u></b> |
| <br>                                            |                         |                         |
| <b><u>OPERATING REVENUES</u></b>                |                         |                         |
| Net Surcharges                                  | \$224,766               | \$220,734               |
| Other Operating Revenues                        | \$ 76                   | \$ 1,649                |
| <b><u>TOTAL OPERATING REVENUES</u></b>          | <b><u>\$224,842</u></b> | <b><u>\$222,383</u></b> |
| <br>                                            |                         |                         |
| <b><u>OPERATING EXPENSES</u></b>                | \$220,179               | \$214,653               |
| <br>                                            |                         |                         |
| <b><u>GAIN FROM OPERATIONS</u></b>              | \$ 4,663                | \$ 7,730                |
| <br>                                            |                         |                         |
| <b><u>NON-OPERATING REVENUES</u></b>            |                         |                         |
| Interest                                        | \$ 1,982                | \$ 4,612                |
| <b><u>CHANGE IN NET ASSETS</u></b>              | <b><u>\$ 6,645</u></b>  | <b><u>\$ 12,342</u></b> |

## OPERATING REVENUE

The first component of the overall change in E-911's net assets is its operating revenue. In the calendar year 2009, E-911's operating revenue increased by \$2,460 over 2008.

## NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues and expenses consist primarily of interest income.

## E-911'S CASH FLOW

Changes in E-911's operating cash flows are consistent with changes in operating income and non-operating revenues and expenses.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### CAPITAL ASSETS

Planning for future capital improvements include CAD Star System and Software equipment to be placed in service in 2010. No equipment purchases in 2010.

### EQUIPMENT ACTIVITY

|                                   | <u>Balance</u><br><u>1/1/2009</u> | <u>Increase</u>         | <u>Decrease</u>   | <u>Balance</u><br><u>12/31/2009</u> |
|-----------------------------------|-----------------------------------|-------------------------|-------------------|-------------------------------------|
| Equipment                         | \$ 727,190                        | \$280,237               | -0-               | \$1,007,427                         |
| Accum. Depreciation               | \$(422,544)                       | \$ 60,610               | -0-               | \$(483,054)                         |
| <b><u>CAPITAL ASSETS, NET</u></b> | <b><u>\$304,646</u></b>           | <b><u>\$219,727</u></b> | <b><u>-0-</u></b> | <b><u>\$ 524,373</u></b>            |

### DEBT

At the end of 2009, E-911 outstanding debt was \$128,158.

## CONTACTING THE E-911 FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, supplies, creditors and citizens with a general overview of E-911's finances and accountability for the money it receives. If you have any questions about this report or need additional information, contact the Board President at Las Animas County Emergency Telephone Service Authority at 2309 East Main Street, Trinidad, CO 81082.

**BASIC FINANCIAL STATEMENTS**

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**December 31, 2009 and 2008**

|                                    | <u>2009</u>           | <u>2008</u>           |
|------------------------------------|-----------------------|-----------------------|
| <b><u>ASSETS</u></b>               |                       |                       |
| <b><u>Current Assets</u></b>       |                       |                       |
| Cash                               | 143,939               | 126,128               |
| Investments                        | 82,645                | 184,848               |
| Accrued Interest Receivable        | 10                    | 148                   |
| Accounts Receivable                | <u>37,008</u>         | <u>37,402</u>         |
| <b><u>Total Current Assets</u></b> | <b><u>263,602</u></b> | <b><u>348,526</u></b> |
| <b><u>NonCurrent Assets</u></b>    |                       |                       |
| <b><u>Capital Assets</u></b>       |                       |                       |
| Office Equipment                   | 21,890                | 21,890                |
| Telephone Emergency Equipment      | <u>985,537</u>        | <u>705,300</u>        |
| <b><u>Totals</u></b>               | <b>1,007,427</b>      | <b>727,190</b>        |
| Less Accumulated Depreciation      | <u>(483,054)</u>      | <u>(422,544)</u>      |
| <b><u>Net Capital Assets</u></b>   | <b><u>524,373</u></b> | <b><u>304,646</u></b> |
| <b><u>TOTAL ASSETS</u></b>         | <b><u>787,975</u></b> | <b><u>653,172</u></b> |
| <b><u>LIABILITIES</u></b>          |                       |                       |
| Accrued Interest Payable           | -                     | -                     |
| Accounts Payable                   | <u>128,158</u>        | <u>-</u>              |
| <b><u>TOTAL LIABILITES</u></b>     | <b><u>128,158</u></b> | <b><u>-</u></b>       |
| <b><u>NET ASSETS</u></b>           |                       |                       |
| Investment in Capital Assets       |                       |                       |
| Net of Related Debt                | 396,215               | 304,646               |
| Unrestricted                       | <u>263,602</u>        | <u>348,526</u>        |
| <b><u>TOTAL NET ASSETS</u></b>     | <b><u>659,817</u></b> | <b><u>653,172</u></b> |

The accompanying notes to financial statements are an integral part of these statements.

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**Years Ended December 31, 2009 and 2008**

|                                                             | <u>2009</u>           | <u>2008</u>           |
|-------------------------------------------------------------|-----------------------|-----------------------|
| <b><u>Operating Revenues:</u></b>                           |                       |                       |
| Surcharges                                                  | 224,766               | 220,734               |
| <b><u>Operating Expenses</u></b>                            |                       |                       |
| Contract Dispatching Services (Salaries)                    | 100,000               | 95,756                |
| Services – Clerical                                         | 3,600                 | 3,600                 |
| Insurance                                                   | 2,580                 | 1,945                 |
| Office – Training - Dues                                    | 2,248                 | 5,982                 |
| Consultant Mapping Services                                 | 12,000                | -                     |
| Professional Services                                       | 12,693                | 4,927                 |
| Line Charges/Networking                                     | 24,303                | 18,304                |
| Maintenance                                                 | 1,348                 | 21,139                |
| Meals – Entertainment - Travel                              | 854                   | 791                   |
| Publication - Advertising                                   | 43                    | -                     |
| Depreciation                                                | <u>60,510</u>         | <u>62,209</u>         |
| <b><u>Total Operating Expenses</u></b>                      | <b><u>220,179</u></b> | <b><u>214,653</u></b> |
| <b><u>Operating Income Before Non-Operating Revenue</u></b> | <b><u>4,587</u></b>   | <b><u>6,081</u></b>   |
| <b><u>Non-Operating Revenue</u></b>                         |                       |                       |
| Interest - Dividends                                        | 1,982                 | 4,612                 |
| Other Income                                                | <u>76</u>             | <u>1,649</u>          |
| <b><u>Total Non-Operating Revenue</u></b>                   | <b><u>2,058</u></b>   | <b><u>6,261</u></b>   |
| <b><u>CHANGES IN NET ASSETS</u></b>                         | <b>6,645</b>          | <b>12,342</b>         |
| <b><u>NET ASSETS, Beginning of Year</u></b>                 | <b><u>653,172</u></b> | <b><u>640,830</u></b> |
| <b><u>NET ASSETS, End of Year</u></b>                       | <b><u>659,817</u></b> | <b><u>653,172</u></b> |

The accompanying notes to financial statements are an integral part of these statements.

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Years Ended December 31, 2009 and 2008**

|                                                                                    | <u>2009</u>      | <u>2008</u>     |
|------------------------------------------------------------------------------------|------------------|-----------------|
| <b><u>Cash Flows from Operating Activities</u></b>                                 |                  |                 |
| Receipts from Customers and Users                                                  | 225,160          | 220,140         |
| Payments to Vendors                                                                | (159,669)        | (157,208)       |
| <b><u>Net Cash Provided (Used) by Operations</u></b>                               | <u>65,491</u>    | <u>62,932</u>   |
| <b><u>Cash Flows from Capital and Related Financing Activities</u></b>             |                  |                 |
| Acquisition of Capital Assets                                                      | (152,079)        | (30,580)        |
| <b><u>Net Cash Provided (Used) by Capital and Related Financing Activities</u></b> | <u>(152,079)</u> | <u>(30,580)</u> |
| <b><u>Cash Flows from Investing Activities</u></b>                                 |                  |                 |
| Purchase of Investments                                                            | (1,724)          | (4,213)         |
| Sale of Investments                                                                | 103,927          | -               |
| Interest and Dividend Income                                                       | 2,120            | 4,696           |
| Other Income                                                                       | 76               | 1,649           |
| <b><u>Net Cash Provided (Used) by Investing Activities</u></b>                     | <u>104,399</u>   | <u>2,132</u>    |
| <b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>                 | 17,811           | 34,484          |
| <b><u>Cash and Equivalents-Beginning of Year</u></b>                               | <u>126,128</u>   | <u>91,644</u>   |
| <b><u>Cash and Equivalents-End of Year</u></b>                                     | <u>143,939</u>   | <u>126,128</u>  |
| <b><u>Reconciliation of Cash Flows from Operating Activities</u></b>               |                  |                 |
| Net Income (Loss) – Operations                                                     | 4,587            | 6,081           |
| Adjustments to Reconcile:                                                          |                  |                 |
| Depreciation                                                                       | 60,510           | 62,209          |
| Changes in Assets and Liabilities:                                                 |                  |                 |
| Accounts Receivable – (Increase) Decrease                                          | 394              | (594)           |
| Accounts Payable – Increase (Decrease)                                             | -                | (4,764)         |
| <b><u>Net Cash Provided (Used) by Operations</u></b>                               | <u>65,491</u>    | <u>62,932</u>   |
| <b><u>*Supplemental Cash Flow Disclosure</u></b>                                   | <u>-</u>         | <u>-</u>        |
| Cash Paid for Income Tax                                                           | <u>-</u>         | <u>-</u>        |
| Cash Paid for Interest                                                             | <u>-</u>         | <u>-</u>        |

\* Assets with a value of \$128,158 have been capitalized and are included as accounts payable at year end.

The accompanying notes to financial statements are an integral part of these statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Las Animas County Emergency Telephone Service Authority (Authority) is an independent governmental entity organized under provisions of the Colorado Revised Statutes. It operates within Las Animas County, Colorado but is not part of any other government. It operates under an intergovernmental agreement.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A.    **Reporting entity:**

The Authority is independently governed by an appointed seven member board. As required by generally accepted accounting principles, these financial statements present the Authority (the primary government) and its component units. The Authority does not have any component units.

B.    **Government – Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. All activities of the Las Animas County Emergency Telephone Service Authority are reported as business-type. Likewise, the *primary government* is reported separately from the Authority's legally separate *component units* for which the Authority is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C.    **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



**NOTE 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The Authority consists of one major proprietary fund:

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are surcharges for services. Operating expenses for the Authority include the cost of services, administrative expenses, and depreciation on capital assets.

**D. Capital Assets**

Capital assets, which includes office equipment and E-911 equipment, are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------|--------------|
| Equipment     | 5-15         |

**NOTE 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E.    Budgets and Budgetary Accounting**

The Authority has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1.    Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2.    Public hearings are conducted to obtain taxpayer comments.
3.    Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4.    Budgets for the Enterprise Funds are adopted on a budgetary basis not consistent with generally accepted accounting principles (GAAP).

**F.    Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration.

**G.    Inventory**

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

**H.    Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I.    Deposits and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

**J.    Long-Term Obligations**

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**K.    Fund Equity**

In the financial statements, funds report reservations of net assets for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of net assets represent tentative management plans that are subject to change.

**NOTE 2    CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2009 and 2008 was as follows:

**December 31, 2009**

|                                               | <u>Beginning<br/>Balance</u> | <u>Increases</u>      | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|-----------------------------------------------|------------------------------|-----------------------|------------------|---------------------------|
| <b><u>Business-Type Activities</u></b>        |                              |                       |                  |                           |
| <b>Capital Assets Being Depreciated:</b>      |                              |                       |                  |                           |
| E-911 Equipment                               | 705,300                      | 280,237               | -                | 985,537                   |
| Office Equipment                              | <u>21,890</u>                | <u>-</u>              | <u>-</u>         | <u>21,890</u>             |
| <b>Total Capital Assets Being Depreciated</b> | <b><u>727,190</u></b>        | <b><u>280,237</u></b> | <b><u>-</u></b>  | <b><u>1,007,427</u></b>   |
| <b>Less Accumulated Depreciation</b>          | <b><u>422,544</u></b>        | <b><u>60,510</u></b>  | <b><u>-</u></b>  | <b><u>483,054</u></b>     |
| <b><u>Business-Type Activities</u></b>        |                              |                       |                  |                           |
| <b>Capital Assets, Net</b>                    | <b><u>304,646</u></b>        | <b><u>219,727</u></b> | <b><u>-</u></b>  | <b><u>524,373</u></b>     |

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 2    CAPITAL ASSETS (Continued)**

**December 31, 2008**

Capital assets activity for the year ended December 31, 2008 was as follows:

|                                               | <u>Beginning<br/>Balance</u> | <u>Increases</u>       | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|-----------------------------------------------|------------------------------|------------------------|------------------|---------------------------|
| <b><u>Business-Type Activities</u></b>        |                              |                        |                  |                           |
| <b>Capital Assets Being Depreciated:</b>      |                              |                        |                  |                           |
| E-911 Equipment                               | 674,720                      | 30,580                 | -                | 705,300                   |
| Office Equipment                              | <u>21,890</u>                | <u>-</u>               | <u>-</u>         | <u>21,890</u>             |
| <b>Total Capital Assets Being Depreciated</b> | <b><u>696,610</u></b>        | <b><u>30,580</u></b>   | <b><u>-</u></b>  | <b><u>727,190</u></b>     |
| <br>                                          |                              |                        |                  |                           |
| Less Accumulated Depreciation                 | <u>360,335</u>               | <u>62,209</u>          | <u>-</u>         | <u>422,544</u>            |
| <b><u>Business-Type Activities</u></b>        |                              |                        |                  |                           |
| <b>Capital Assets, Net</b>                    | <b><u>336,275</u></b>        | <b><u>(31,629)</u></b> | <b><u>-</u></b>  | <b><u>304,646</u></b>     |

**NOTE 3    CASH AND INVESTMENTS**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

At December 31, 2009, the Authority's bank balance and corresponding carrying balance were as follows:

|                                                                                                       | <u>Carrying<br/>Balance</u> | <u>Bank<br/>Balance</u> |
|-------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------|
| <b>Insured (FDIC):</b>                                                                                |                             |                         |
| Cash                                                                                                  | 143,939                     | 144,239                 |
| Certificates of Deposit                                                                               | 82,645                      | 82,645                  |
| <b>Uninsured, Collateralized under the Public Deposit<br/>Protection Act of the State of Colorado</b> |                             |                         |
|                                                                                                       | <u>-</u>                    | <u>-</u>                |
| <b><u>Total Cash and Deposits</u></b>                                                                 | <b><u>226,584</u></b>       | <b><u>226,884</u></b>   |

As presented above, deposits with a bank balance of \$ -0- and a carrying balance of \$ -0- as of December 31, 2009 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2009

**NOTE 3**      **CASH AND INVESTMENTS (Continued)**

**Investments**

Colorado statutes specify investments meeting defined rating and risk criteria in which local government entities may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At December 31, 2009, the District had the following investments:

| <u>Investment</u>       | <u>Maturity</u> | <u>Fair Value</u> | <u>Credit Risk Rating</u> |
|-------------------------|-----------------|-------------------|---------------------------|
| Certificates of Deposit | 6 to 12 Months  | <u>82,645</u>     | N/A                       |

**Interest Rate Risk** – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

**Credit Risk** – State Law limits the type of investments allowable. The ratings by Standard & Poor for each investment are disclosed above.

**Concentration of Credit Risk** – The District has no policy restricting the amount that can be invested in any issuer.

**NOTE 4**      **ACCOUNTS RECEIVABLE**

The accounts receivable are stated at gross, and represent amounts receivable from Enterprise Fund customers. The amount of accounts receivable considered uncollectible is not significant, therefore an allowance for uncollectible receivables has not been recorded.

**NOTE 5**      **BUDGET TO ACTUAL COMPARISONS**

|                                       | <u>Budget</u>   | <u>Actual</u>   | Variance-<br>Favorable<br><u>(Unfavorable)</u> |
|---------------------------------------|-----------------|-----------------|------------------------------------------------|
| <u>Revenues</u>                       | <u>254,800</u>  | <u>226,824</u>  | <u>(27,976)</u>                                |
| <u>Expenses</u>                       | <u>285,048</u>  | <u>439,906</u>  | <u>(154,858)</u>                               |
| Net Income (Loss) – Budget Basis      | <u>(30,248)</u> | (213,082)       |                                                |
| Reconciliation – Capital Expenditures |                 | 280,237         |                                                |
| Reconciliation – Depreciation         |                 | <u>(60,510)</u> |                                                |
| Net Income – GAAP Basis               |                 | <u>6,645</u>    |                                                |

**NOTE 6**      **CONTINGENCIES – TAX, SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The entity has made certain interpretations of the amendment's language and believes the amendment does not apply to Las Animas County Emergency Telephone Service Authority.

**NOTE 7**      **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 8**      **CONTINGENCIES**

There were no contingent liabilities payable at December 31, 2009.

**NOTE 9**      **INTERGOVERNMENTAL AGREEMENT**

The Authority is a member of (CIRSA). The Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity, was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 29-1-201 et. Seq., C.R.S. as amended, 8-44-101(1)(c) and (3), and 8-44-110, C.R.S. as amended, and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members a self-insurance pool to provide defined coverages, and claims and risk management services related thereto.

It is the intent of the members of CIRSA to create an entity to defend and indemnify, in accordance with the Bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA available to pay such liability or loss. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The Bylaws shall constitute the substance of the intergovernmental contract among the members.

SUPPLEMENTAL INFORMATION

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**STATEMENT OF INCOME**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**For the Year Ended December 31, 2009**

|                                             | <u>Original<br/>and Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance-With<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------------|------------------------------------------|-----------------------|-----------------------------------------------------------------------|
| <b><u>Operating Revenues:</u></b>           |                                          |                       |                                                                       |
| Surcharges                                  | <u>238,700</u>                           | <u>224,766</u>        | <u>(13,934)</u>                                                       |
| <b><u>Operating Expenses</u></b>            |                                          |                       |                                                                       |
| Publication - Advertising                   | 800                                      | 43                    | 757                                                                   |
| PSAP Salaries                               | 100,000                                  | 100,000               | -                                                                     |
| Insurance                                   | 2,410                                    | 2,580                 | (170)                                                                 |
| Office – Training - Dues                    | 5,450                                    | 2,248                 | 3,202                                                                 |
| Professional Services                       | 9,300                                    | 12,693                | (3,393)                                                               |
| Line Charges/Networking                     | 35,000                                   | 24,303                | 10,697                                                                |
| Service – Clerical                          | 3,600                                    | 3,600                 | -                                                                     |
| Consultant Mapping Services                 | 14,000                                   | 12,000                | 2,000                                                                 |
| Meals – Entertainment - Travel              | 2,700                                    | 854                   | 1,846                                                                 |
| Maintenance                                 | 25,000                                   | 1,348                 | 23,652                                                                |
| Capital Expenditures                        | 81,788                                   | 280,237               | (198,449)                                                             |
| Other                                       | <u>5,000</u>                             | <u>-</u>              | <u>5,000</u>                                                          |
| <b><u>Total Operating Expenses</u></b>      | <b><u>285,048</u></b>                    | <b><u>439,906</u></b> | <b><u>(154,858)</u></b>                                               |
| <b><u>Operating Income</u></b>              | <b>(46,348)</b>                          | <b>(215,140)</b>      |                                                                       |
| <b><u>Non-Operating Revenue</u></b>         |                                          |                       |                                                                       |
| Interest - Dividends                        | 5,000                                    | 1,982                 | (3,018)                                                               |
| Other Income                                | <u>11,100</u>                            | <u>76</u>             | <u>(11,024)</u>                                                       |
| <b><u>Total Non-Operating Revenue</u></b>   | <b><u>16,100</u></b>                     | <b><u>2,058</u></b>   | <b><u>(14,042)</u></b>                                                |
| <b><u>Net Income (Loss)</u></b>             | <b>(30,248)</b>                          | <b>(213,082)</b>      |                                                                       |
| Reconciliation: Capital Expenditures        | -                                        | 280,237               |                                                                       |
| Reconciliation: (Depreciation)              | -                                        | (60,510)              |                                                                       |
| <b><u>Net Assets, Beginning of Year</u></b> | <b><u>30,248</u></b>                     | <b><u>653,172</u></b> |                                                                       |
| <b><u>Net Assets, End of Year</u></b>       | <b><u>-</u></b>                          | <b><u>659,817</u></b> |                                                                       |

The accompanying notes to financial statements are an integral part of these statements.